

Exhibit 12



Photo Illustration by C.J. Robinson

Style

Want to Get Rich Selling Sneakers? Start Flipping Bricks

Some sneaker resellers deal in hyped-up shoes. Others profit by selling run-of-the-mill kicks.

By **Calum Marsh**

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Santiago Mejia is a sneaker reseller based in Lewisville, Texas. On his Instagram page—**@dfwsneakerfan**—you can see him at home, under what looks like a mountain of orange Nike shoeboxes: towering to the ceiling, sprawling up the staircase, piled to the point of nearly falling over. In one photo, he's at an outlet store with a pair of shopping carts literally overflowing with discount sneakers; in another, one of his kids is working at a desk surrounded entirely by shoeboxes and a tottering pyramid of shoes.



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If you're interested in buying, you can browse these wares [on Mejia's eBay storefront](#). As of this writing, Mejia has 2,348 pairs of sneakers available to bid on. He has a few high-end shoes for sale, the sort you'd commonly associate with the go-go world of sneaker reselling: a couple pairs of rare Dunks, a handful of coveted Jordans. But the largest portion of his stock is a little plainer—he sells everything from Nike Vapormaxes to Converse Chuck Taylor Gore-Tex boots, almost all of them listed for under \$200, plus shipping. There are about 200 pairs of Air Force 1s in a smattering of common colorways, each running for a little under what they'd go for off the shelf at Foot Locker—about \$90, on average, depending on the exact size and model. For the most part, Mejia—who has managed to turn his longtime sneaker fandom into a successful full-time job—makes his money reselling run-of-the-mill kicks.

**dfwsneakerfan**

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Shipping is ready for pickup!! The week was crazy once again. Thanks to everyone that bought from me 🙏

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The most high-profile sneaker resellers, such as Benjamin Kapelushnik, a.k.a. the Sneaker Don, tend to trade in the highest-end sneakers. These are the people who make it difficult, if not impossible, to buy a Jordan 1 High on release day, and who drive up the market value of Chunky Dunkys and Travis Scotts. Their business is snatching up the hottest, most illustrious sneakers and putting them in the hands of whatever buyers are willing to pay the (often outrageous) price. But less splashy, less headline-grabbing resellers such as Mejia, with their cut-rate Air Maxes and Air Forces, represent an increasingly large portion of the multibillion-dollar sneaker resale market. These guys aren't bothering with thousand-dollar Chicago Highs or ultra-hot Air Diors. They're engaged in a practice they call "brick flipping," and it can be very, very profitable.

In resale lingo, "brick flipping" means buying and selling readily available sneakers at or under their cost at retail. ("Brick" comes from the sneaker world, where it's used as a derogatory term for any shoe considered uncool—but in the resale market, it's not necessarily pejorative.) Bricks are contrasted with sneakers described as "hype"—shorthand for any shoe that resells for more than 50% over its original sticker price. Last month's Jordan 1 High Hyper Royal, which has been selling for roughly 150% of its retail cost, is hype; a classic, ubiquitous white Air Force 1, of which guys like Mejia have hundreds, is a brick. The former is hard for even high-level resellers to get ahold of, but is virtually guaranteed to score huge profits. The latter is easy enough to find, and their margins are slim, but they are consistent and reliable.



"Overall, it's a volume game," Mejia said in a recent interview. "The margins are okay—about 20%." Mejia can make a profit even selling at or under retail price because he buys at a discount: He scours local marketplaces, outlet malls, and online platforms looking for deals, and then seizes on sales to buy in bulk. He says networking and establishing relationships with various neighborhood retailers has made it possible to thrive at a time

when business has never been more competitive. Some competitors even have an inside edge: You may have heard of 19-year-old Joe Hebert, whose mother was fired from Nike earlier this year after it was revealed in a *Businessweek* feature that he was availing himself of her employee discount to run a thriving resale biz. Like Mejia, Hebert dealt mainly in bricks, using the deep discount his mom provided to make it all the more worthwhile. Mejia himself chose this avenue over hype selling, he says, because of concerns around shady deals and the rise in fakes. As tough as competition can be these days, at least the outlying costs—and chances of fraud—are comparatively low. “I didn’t want to be scammed, again and again, over a pair of \$500 Jordan 1s,” he says. “I’d much rather deal with \$100 Air Force 1s.”

Increasingly, brick flipping is becoming the sneaker resale norm. On resale site StockX, for instance, bricks are right up there on the best-seller list, beside some of the most popular and talked-about shoes of the moment. The best-selling Nike on StockX—in fact, the number one best-seller over the past 12 months and the number one best-seller of all time—is the white Air Force 1. You can walk into any Foot Locker in the country and buy a pair in your size—and yet the shoe was bought and sold on the platform over 40,000 times over the past year. Its average sale price hovers around \$100: just about retail. Another major seller is the Adidas UltraBoost 4.0, which runs for an average price of \$130, or \$50 under its retail price. Over the past 12 months, it’s been bought and sold more than 12,000 times. If you’re a prospective buyer, that’s an easy way to snag a discount. And if you’re a seller like Mejia, who bought the shoe on sale, it’s easy money.

This is such a quiet part of the resale market that it can be hard to even know it’s really happening. That’s in part because the sneakers that get the most attention are rarely the sneakers that people are actually buying in significant quantities. Jesse Einhorn, senior economist at StockX, gives the example of Bad Bunny’s recent collab with Adidas, which has been selling, on average, for nearly 500% over retail. “The weekend it dropped, ‘Bad Bunny’ was the number three most-searched term on StockX, trailing only ‘Yeezy’ and ‘Jordan,’ ” Einhorn explains. “That’s super high. It exceeded almost every other term. And yet we sold far, far more Air Force 1s over that same period.” The seriously hype sneakers command enormous price tags and a commensurate amount of public interest.

But what people are actually spending money on, by and large, are under-the-radar bricks.

Show Notes

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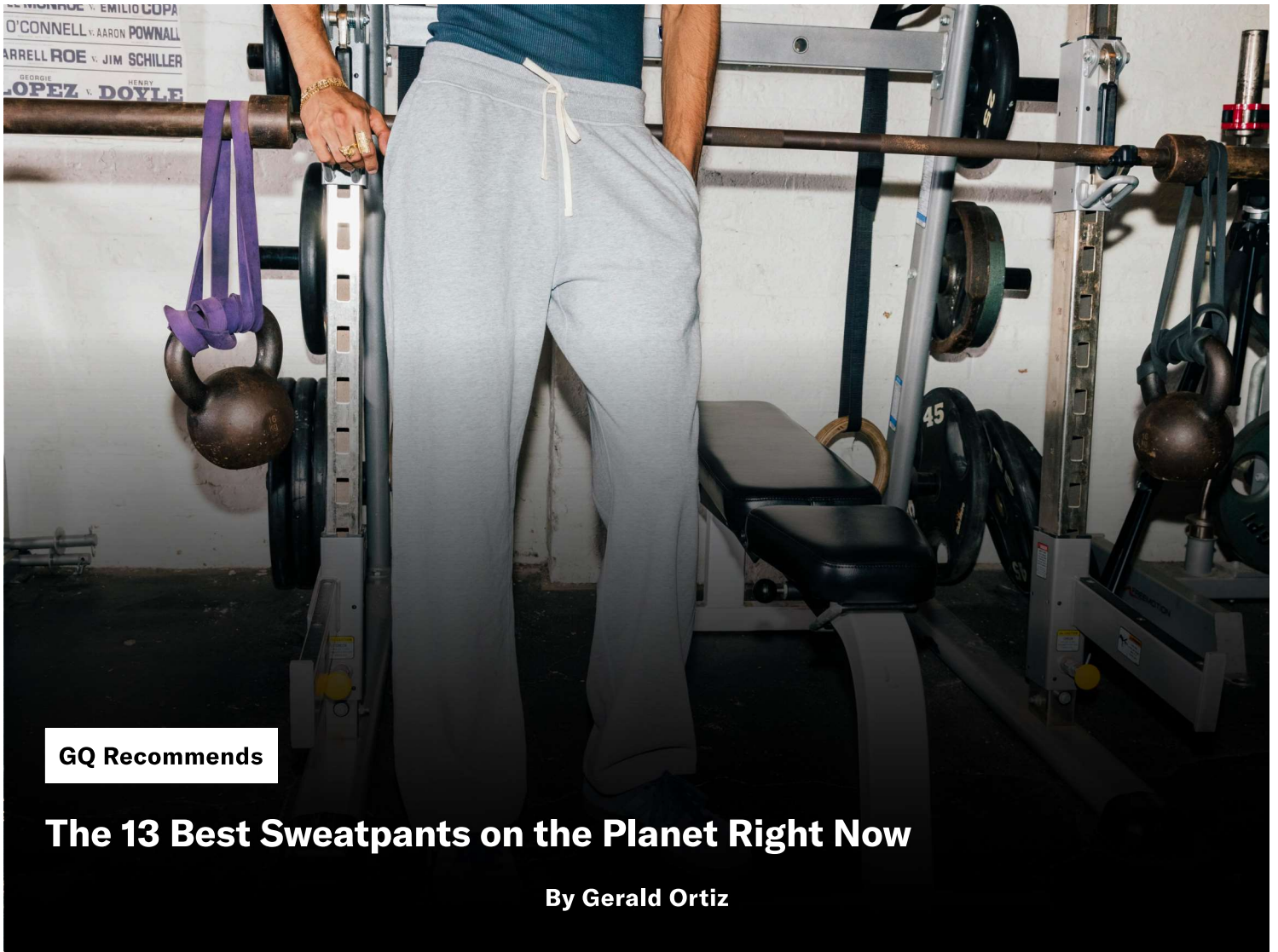
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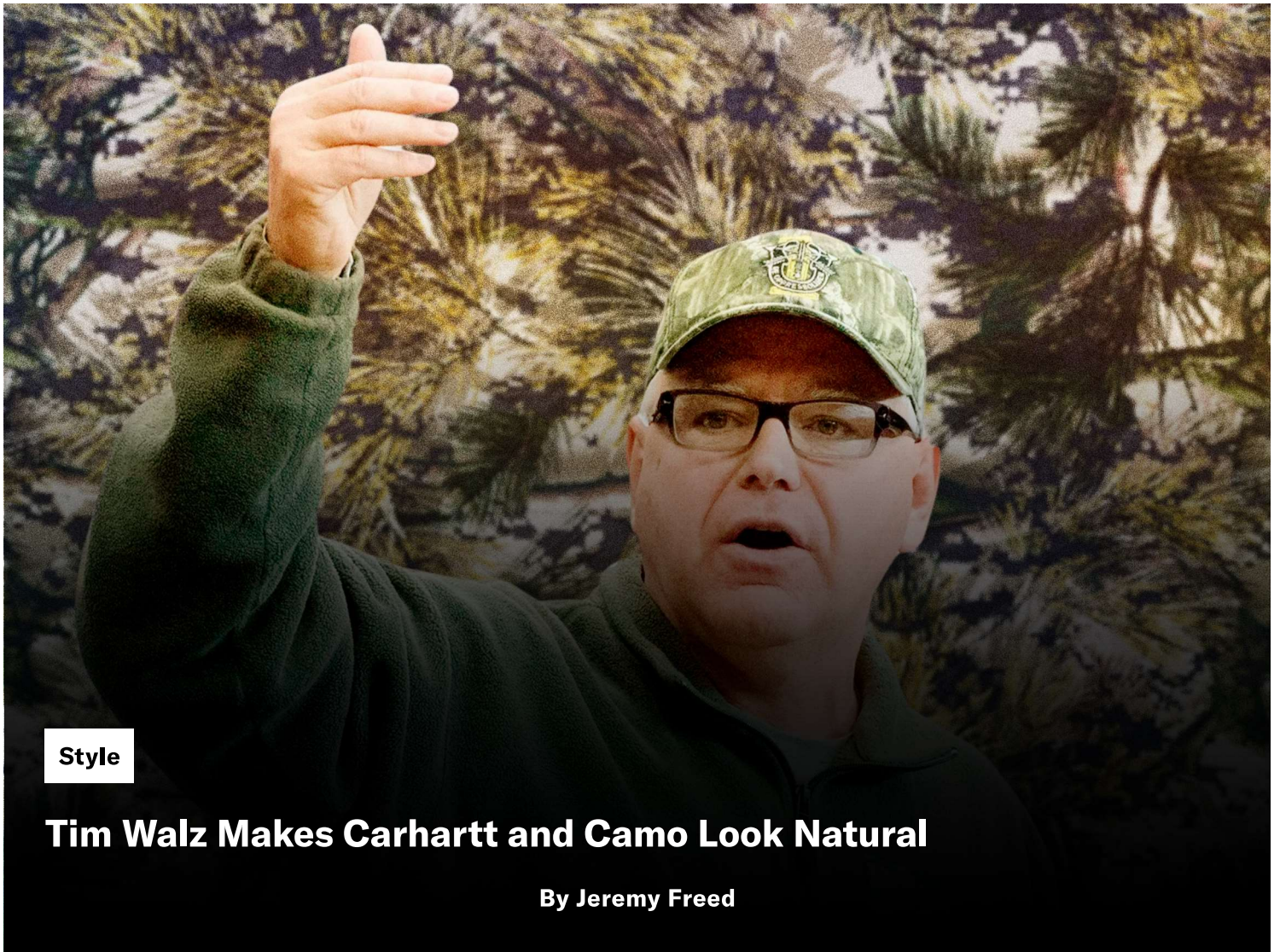
This is not to say that hype kicks aren't a resale phenomenon. People go nuts for Jordan 1 Highs and Dunk Lows, and both StockX and private resellers are seeing extremely big business in the high-end-sneaker space consistently. But at \$300 to \$500 on average, the Jordans, Dunks, and Yeezys are still pretty rarefied, on the whole. And for resellers such as Mejia, who don't want to deal with bots and raffles and computer countdowns, there's still a lot of money to be made selling more ordinary shoes for less money in big numbers.

Buy a pair of grade-school Air Force 1s at Marshalls on sale for \$34.99. Flip it on eBay or Discord or Facebook Marketplace for \$80. Repeat the process about three dozen times. Arduous? No doubt. But for the diligent, the hustle pays off. The brick resale account Jersey Flipping makes the point nicely on their Instagram, where they [routinely post motivational quotes and explainers](#) about how to capitalize on bricks the smart way. "Don't ask yourself how many sales you made this week," one recent post encourages earnestly. "Ask yourself how many you want to make next year. You gotta have the vision to see where you wanna go, the work to make it happen, and the love to keep it going." For brick flippers, it's advice to hold dear.

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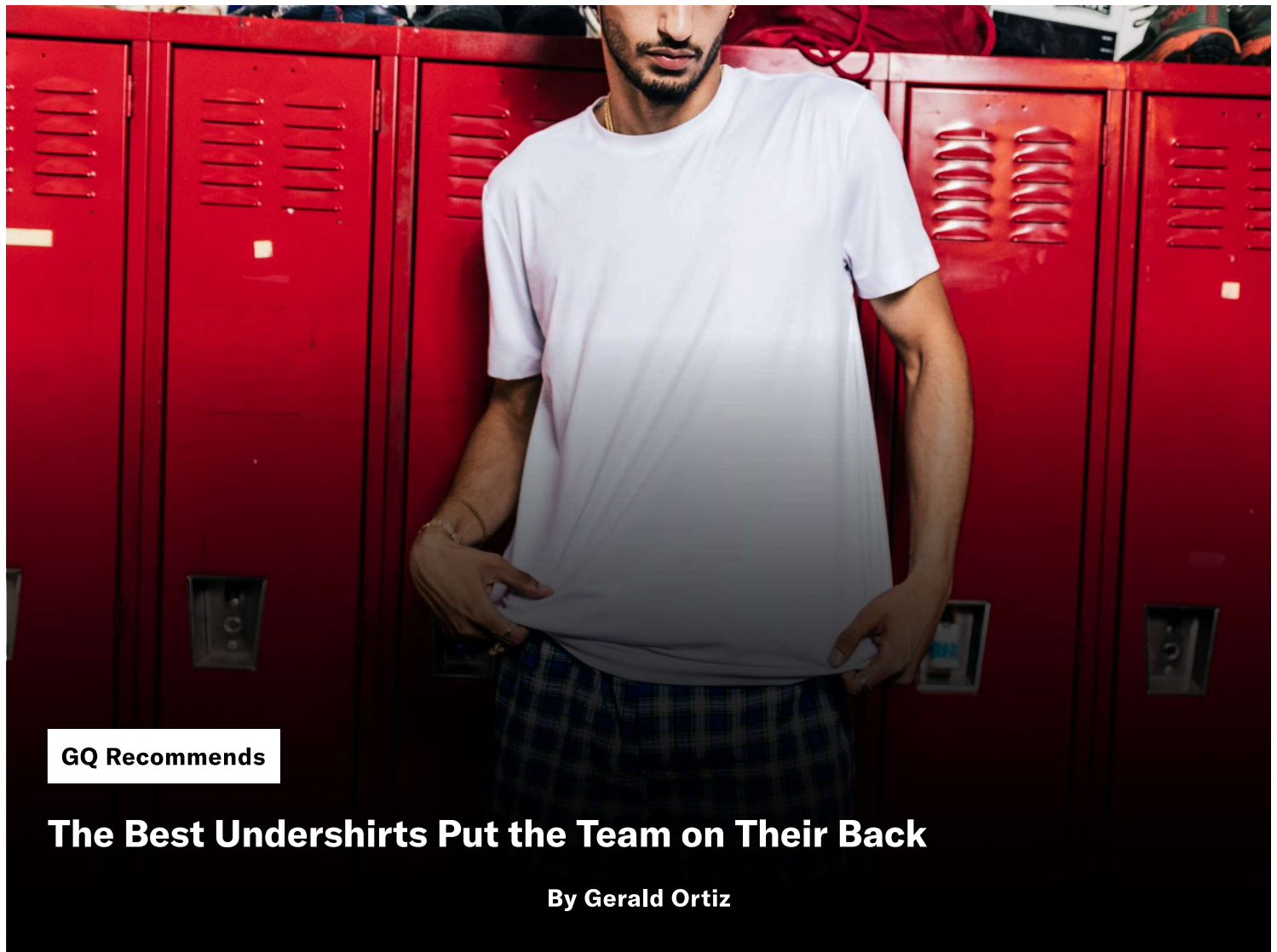
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